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## ***Can U.S. Reconcile Conflicting Interests in Asia?***

Communist pressures in the Far East appear to have forced United States foreign policy into a blind alley. As Congress authorized on May 25 the expenditure of \$94 million for aid to (Nationalist) China and its general area, the East-West deadlock on China's representation in the United Nations had brought the UN to an impasse from which Secretary General Trygve Lie was desperately seeking to extricate it. In Japan, following an anti-American riot led by Communists, General Douglas MacArthur ordered drastic restrictions on the activities of the Communist party's leaders.

### ***Southeast Asia***

In Southeast Asia a patchwork pattern of United States policy in dealing with communism emerged from recent legislation and the talks held by Secretary of State Dean Acheson in Paris and London. On May 8 Mr. Acheson announced agreement with French Foreign Minister Robert Schuman that France would continue to bear primary responsibility—with supplementary American aid—for the defense of Indo-China against the Viet Nam Republic led by Ho Chi Minh, regarded as a Communist. Two qualifications were made by the Secretary: some assistance will go directly to the local governments in Indo-China, and the purpose of the aid is to be the "restoration of security" and the development of "genuine nationalism."

On May 19 in London Mr. Acheson announced that American help would be coordinated with the program for economic development in Asia formulated

by the Commonwealth Conference held in Sydney, Australia, from May 15 to 19. The London conferees agreed to support the newly independent governments of Southeast Asia. The United States, the Secretary of State affirmed, has worked for this development of independence. "We assisted it," he said, "and . . . we recognized our large responsibility for helping it succeed." By contrast, he stated elsewhere that "neither international independence nor democratic evolution can exist within the network of Soviet imperialism."

In implementing these statements the United States has promised Indo-China, Thailand, Burma, Indonesia and Malaya economic aid to come from unspent China aid funds. Authorization to use this money—amounting to \$94 million—beyond June 30 was contained in the new foreign aid law signed by President Truman on June 5. Allocations for Southeast Asia, however, cannot exceed the \$40 million available for the "general area" of China.

Military aid will come out of \$75 million appropriated in the Military Assistance Program, also for the "general area" of China. Tentative allocations of \$15 million for Indo-China, \$10 million for Thailand and \$5 million for Indonesia have been mentioned. Another \$75 million for the China "area" has been requested in the new military aid bill now before Congress, which also renews the special item of \$27.5 million for the Philippines, Korea and Iran.

The American program represents a compromise by which the Administration hopes to reconcile contradictory necessities.

The requirements of an adequate Asian policy that would satisfy nationalist sentiment in that area conflict at many points with the need for cooperation with colonial powers, notably Britain and France. All programs, moreover, must be carried out within the limitations of funds made available by an economy-minded Congress and must take into account political risks at home, which have assumed dramatic proportions following the attacks made on the State Department by Senator Joseph McCarthy. It is therefore increasingly difficult for the Administration to formulate a consistent and adequate program that would meet any one of the many-faceted problems this country faces in Asia.

### ***Indo-Chinese Quandary***

In Indo-China, for example, having decided to oppose the regime of Ho Chi Minh, Washington has no alternative but to uphold the French-sponsored government of Emperor Bao Dai. Accordingly, Mr. Acheson asked Paris to make further concessions which would enable Bao Dai to strengthen his own position. The French, however, have no real confidence in the ability of their protégé. Their primary concern is to avoid a surrender which they believe would threaten their position in Africa. At the same time they fear unpleasant reactions at home, where the costly Indo-Chinese war is very unpopular. Paris, consequently, has been reluctant to make further concessions unless the United States promises sufficient aid to ensure Ho Chi Minh's defeat.

Since France maintains an army of

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about 150,000 men in Viet Nam and spends some \$500 million there annually, the United States could not take over these responsibilities without expending several hundred million dollars, a sum which Mr. Acheson had no authority to offer and President Truman has not included in the new military aid bill. Meanwhile, Washington's decision to underwrite France's policy will be judged by Asians not in terms of the lack of convenient alternatives but in the light of its relevance to the hope for real independence that has roused the peoples of that area. The leaders of India, Indonesia and other countries whose support the United States has wooed by upholding Asian nationalism may be expected to oppose this country's policy and to be skeptical of American declarations favoring the growth of "genuine nationalism."

Washington's present course, moreover, holds out little hope for a quick decision in Indo-China. Despite reports of aid from the Chinese Communists to the Viet Nam Republic, it is not likely that Ho Chi Minh is obtaining the sort of equipment he would need to build a modern army, without which he can scarcely expect to drive the French from Saigon. The French troops, however, are not strong enough to suppress the guerrilla fighters, whose control of the hinterland rests on substantial popular support — although some American experts consider that the

projected United States aid, if judiciously used for the purchase of critical small arms, jeeps and communication equipment, could ultimately have important consequences. So long as neither side receives really decisive aid from Russia or the United States, the civil war is likely to smolder on. Moscow, in fact, may consider an indecisive struggle more advantageous for propaganda purposes than an all-out campaign which might force this country to send in substantial reinforcements, thereby perhaps precipitating a general conflict. A continuing war of attrition will tend to weaken our prestige in Asia, obstruct economic and political consolidation and perpetuate the heavy drain on France's resources which is greatly hampering that country's efforts to muster strength in Western Europe.

### ***Aid Inadequate***

Unfortunately the strictly limited aid program offered by the United States to other Southeast Asian countries does not promise the prompt stabilization of strong popular regimes needed if the growth of Communist influence among the masses of the population is to be halted. Indonesia is currently in desperate straits because its inability, during these critical transition months, to expand or even maintain a large volume of exports, especially of rubber, prevents it from buying abroad the food and textiles urgently

needed by one of the world's densest populations. The disillusionment and unrest of peasants and plantation workers may make them receptive to Communist propaganda and tempt the new, hard-pressed government to take harsh and repressive measures. These, in turn, would make it even more vulnerable to hostile criticism.

American aid and exhortations have so far failed to check the steady decline of the Philippine government, which finds itself bogged down in a morass of corruption, a steadily deteriorating trade balance and an acute financial crisis. Dissidents are rallying to the Hukbalahap guerrillas—with some Communists among their leaders—who have reached the outskirts of Manila itself.

One constructive suggestion for a more positive American policy toward Asia was offered by the concluding resolution of the seven-nation Baguio conference, adopted on May 29, which asked that the point of view of Asian peoples be kept "prominently in mind" whenever decisions affecting the area were made. So far, however, Washington has preferred to discuss Asian policy chiefly with London and Paris, and it is doubtful that the United States would be willing or able to implement the kind of advice it might receive from the leaders of Asia's newly independent states.

FRED W. RIGGS

## ***Fritchey Urges Fresh United States Initiative***

Even by hindsight, American post-war foreign policy gets a passing grade. It has been generally consistent; it has been flexible enough to shift gradually from a defensive to a more positive role. The record shows a good deal of courage, patience and inventiveness. After five difficult years our policy still commands a fair measure of confidence and support both at home and abroad.

### ***Recharging the Batteries***

Never in its maturity has the United States been directly involved in a heated "cold war" with another major power—and, at that, with a totalitarian power which can exert its diplomacy without regard to its own people's opinion. This is certainly a great advantage in fighting a cold war against a democratic nation like ours, but even in this respect the United States has shown agility and ingenuity in combating guerrilla diplomacy.

Nevertheless, despite these considerable achievements, there is a growing feeling—vague and inchoate as it may be—that our diplomacy needs recharging. The pub-

### ***U.S. Policy Under Review***

Current public discussion of American foreign policy has revealed great differences of opinion as to whether the United States committed errors in the past, and as to the course it should pursue in the future. The Foreign Policy Association has invited experts of differing points of view to present their conclusions on some of the major issues under discussion. The seventh of these articles appears in the adjoining columns.

lic is beginning to sense that the ideas and plans that have sustained us to this point are losing momentum. In scanning Amer-

ican foreign policy over the last five years one is moved to say: So far so good, but still not good enough.

Hitherto, Congress and the Administration have been assuming that the American public's ceiling for fighting communism through foreign aid was about \$5 billion a year. And then came Senator Brien McMahon, Democrat, of Connecticut, with his proposal of \$50 billion for a global Marshall Plan. Much to the surprise of official Washington, he was neither ridiculed nor scorned. The favorable response was immediate and nation-wide. It indicated a willingness to spend unlimited sums on any program that aims at a real solution.

This gave a fortuitous insight into the present thinking of Americans. The full impact of this public reaction has not yet been fully appreciated by Washington. But it clearly signified a growing dissatisfaction with our stopgap diplomacy, good as

it is. And it brought to light the yearning that exists for a truly grand design.

The chief object of our foreign policy is to contain Russia and the spread of communism without engaging in actual war. Our success so far has been based largely on exclusive possession of the atomic bomb, which has enabled us to act firmly and often boldly with a feeling of security. The only flaw with this policy is that it went out of date six months ago.

Now, however, the course of events offers us one real opportunity of recovering the superiority we enjoyed until last September—the creation in Western Europe of a great new democratic center, which would be more than the peer of Russia in manpower, resources, skill and military might. If a United States of Europe, plus a United States of America, cannot hold the Soviets in check, then nothing can. But it seems improbable that the Kremlin would challenge such a combination; and if it did, could the outcome be in doubt?

A supreme effort, such as the federation of America or Europe, requires supreme leadership and initiative. Obviously none of the leaders of Europe can fill this role; they do not have the prestige or power; nor can they act as disinterested parties.

It has long been clear that the initiative must come from the United States. But our response—fashioned in 1947 by General Marshall—has been that we cannot “impose” unity on Europe. There is, how-

ever, a sharp distinction between imposition and doing something that would make it possible for our European friends to achieve unity. In justice to General Marshall, it might be added that in 1947 there was no Russian A-bomb. Now, however, we must initiate federation not only for the safety of Europe but for our own safety as well.

### ***U.S. Must Underwrite Europe***

Even the strongest advocates of federation admit that there are serious obstacles to overcome. The most difficult ones, however, are mainly economic. It is argued, with some cogency, that federation would cause severe, if temporary, dislocations that could not be lightly risked. Some of the nations involved might, in an economic sense, lose rather than gain in the first years of the merger; and the leaders of these particular countries could not commit themselves to such sacrifices. If they did, they might be voted out of office.

Only the United States can solve this dilemma by guaranteeing Europe against economic and military mishaps during the formative years of federation. Indeed we are already doing this, but in a way that defeats our ultimate purpose. Through ECA, the Atlantic pact and the Military Assistance Program we have long since committed ourselves to military and economic aid for the several nations of Eu-

rope—but not for Europe as a whole. Therein lies the critical difference.

We have now taken a major step forward by deciding to integrate our military defense efforts with those of the Atlantic pact nations. But more than this is necessary. The Marshall Plan needs a sequel or a supplement, or both. Let us underwrite the United States of Europe and put up the money to relieve the growing pains. What will it cost? Five billion? Twenty billion? What does the cost matter if it succeeds? The last war cost the United States 250 billion; the next one would probably cost 1,000 billion.

Only the President of the United States can bring this about. Once before an American President inspired the world by going to Paris to launch the League of Nations. Let Truman now go to France, convoke the leaders of the West and launch the United States of Europe.

But let him not make the same mistake as Wilson, who sold the world on his idea, but forgot to sell his own country before he went to Paris. Mr. Truman should first have a mandate, and there is good reason to believe that the American people and Congress by joint resolution would quickly give him one.

CLAYTON FRITCHEY

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## ***Greece Faces Difficult Reconstruction Tasks***

Although during the past two years the Greek government has concentrated its major effort on warfare against the guerrillas, it has also accomplished considerable economic reconstruction. Many projects undertaken during that period had a para-military value, especially the rebuilding of roads, ports, airfields and railroads, which by the end of 1949 were in nearly as good condition as before the war. The demand for army supplies helped to stimulate the slender output of Greek factories, so that in December 1949 an unofficial industrial index based on volume of capital and consumer goods, estimated production to be 97 per cent of the 1938 average. In addition, thanks largely to favorable weather, the 1949 crops were equal to or above pre-war averages. Thus in general the Greek economy has nearly returned to its pre-war level despite the difficulties created by the guerrilla war.

Recovery, however, does not mean that Greece is approaching economic independence or that tolerable living conditions are within the reach of the majority of the population, for Greece was in a bad way before the war. The country was and remains poverty-stricken and socially divided, so that drastic measures are required before a viable economy that might provide a basis for political stability can emerge.

### ***Two Basic Problems***

Two fundamental and long-standing problems face the country. The population has increased out of all proportion to the developed resources of the land, and Greece is confronted by a serious unbalance in foreign trade which cannot easily be corrected. While Greece must import essentials—food, fuel, machinery—its main exports are semi-luxuries—tobacco, currants, figs and so on. The task

ahead is to transform and develop the Greek economy so that these two basic weaknesses can be remedied. Otherwise mass unemployment will continue to foster political discontent, and the whole economy will remain excessively vulnerable to trade discriminations by other nations.

The program which the Greek government and ECA administrators have devised to meet the country's basic difficulties consists of two parts: the development of industry, designed to provide gainful employment for some of the surplus population; and an improvement in agricultural techniques and productivity, which will, it is hoped, reduce the necessity for food imports and assure a somewhat better standard of living for the peasant population.

The most urgent problem, however, is budgetary. The government has been pressed by American advisers to econo-



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mize on its extensive unproductive expenditures for pensions, army, civil service and so on. At the same time tax reforms have been urged in order to simplify economic transactions—now burdened with an extraordinary variety of excise taxes—and to increase government income.

### Will U.S. Program Work?

If such a reorganization of the government budget can be carried through successfully, it is planned to use the resulting savings, supplemented by grants from ECA funds, to construct a network of electric power stations. After a survey of local power resources, an American engineering firm has recommended the construction of three hydroelectric stations and one thermal electric station which would use local resources of lignite. The program would nearly triple the country's electric power supply and provide a base for modest industrial development. One of the major handicaps under which Greek factories have labored until now has been the high cost of power derived from imported fuel. With modern machinery and cheap power there is no reason why Greek industry could not be reorganized to produce some commodities cheaply enough to supply most of the home market and, in certain lines, to export as well.

Whether private Greek capital will be forthcoming in adequate volume to build up an efficient industry using the power to be provided by the ECA program is an open question. There are a few wealthy men in Greece. Hitherto, however, most of them have preferred to keep their capital in highly liquid form or else to invest it abroad where dangers of political upheaval and loss were not so great as in Greece.

Government and ECA plans couple the development of hydroelectric stations with an extended program of water control for the benefit of agriculture. Irrigation of some areas, drainage of others, erosion control and a general effort to improve agricultural techniques are contemplated. Some outstanding successes in this direction have already been achieved, most notably, perhaps, the successful introduction of rice cultivation in what was formerly a

*Visit to America*, by Jawaharlal Nehru. New York, Day, 1950. \$2.50.

One of the few truly magnetic personalities active on the contemporary world political scene, Pandit Nehru, in speeches and informal remarks made during his recent trip to this country, throws a great deal of light on Indian life and problems especially as they affect or interest America.

*India and the United States: Political and Economic Relations*, by Lawrence K. Rosinger. New York, Macmillan, 1950. (Published under the auspices of the American Institute of Pacific Relations.) \$2.75.

A welcome contribution to American understanding of India's role and problems as a new power in world affairs. The author, a former research associate of the Foreign Policy Association, is now on the staff of the American Institute of Pacific Relations and recently attended a conference in India, for which he prepared a data paper that has been expanded into the present volume.

*China Shakes the World*, by Jack Belden. New York, Harper, 1949. \$5.00.

A unique account of the Communist revolution in China as witnessed by one of the few Amer-

waste marsh. The obstacles to this agricultural program are serious—peasant conservatism, the complex property rights which divide farm land into tiny parcels (since World War I landownership has been almost entirely in the hands of small peasant farmers), and the desperate poverty of nearly all Greek farmers, which often prevents them from utilizing such elementary aids as fertilizer.

A third difficulty, and one which affects both the industrial and agricultural programs, is the inefficiency and corruption of many officials in the Greek government. American advisers have made strenuous and sometimes high-handed efforts to improve the working of the Greek bureaucracy, and there is a sprinkling of admirably energetic officials who have worked hard to carry through the reconstruction already achieved.

It is possible that the new cabinet headed by General Nicholas Plastiras which took office on April 15 will prove more successful in wrestling with the problems of the economy than were its predecessors. The men heading critical ministries—Emmanuel Tsouderos, Minister of Coordination (in charge of dealings with ECA) and George Kartalis, Minister of Finance—both have a firm grasp of economic problems, and are

ican correspondents to penetrate the hinterland. The volume, replete with gory details and a multitude of character sketches, is a thoughtful analysis of the major social stresses and insurrectionary movements which the Communist leaders have utilized in their successful struggle for power.

*Half of One World*, by Foster Hailey. New York, Macmillan, 1950. \$3.00.

An appeal for understanding of the vital problems of the peoples of Asia and the Pacific, and for constructive American aid and support if democratic governments are to be established and stabilized. This country-by-country survey is based on the author's extensive personal experience as correspondent for *The New York Times*.

*The Stakes of Democracy in Southeast Asia*, by H. J. van Mook. New York, Norton, 1950. \$3.75.

This survey of the history and present state of affairs in Southeast Asia is of particular interest for its account of developments in Indonesia, where the author lived much of his life, served as Lieutenant Governor-General and played a key role in the early post-World-War-II negotiations between the Dutch and Indonesians.

known for their unimpeachable personal honesty.

It remains true, however, that the program of construction envisaged by the ECA and the Athens government will fall short of solving the economic problems of Greece. Except for amounts spent in connection with guerrilla warfare, American expenditures, the total of which is difficult to estimate, have for the most part gone into relief. A long period of time will be necessary before industrial and agricultural capital investment can develop the resources of the country to a point where the present population can obtain a comfortable minimum of consumption; meanwhile population continues to grow incontinently. The possibility that guerrilla war may be renewed hangs as a further shadow over the economic future of Greece, for the main strength of the guerrilla army retreated last fall over the border into Albania and may return at any time.

WILLIAM H. McNEILL

(Mr. McNeill, Assistant Professor of History at the University of Chicago, spent two years in Greece as assistant military attaché during World War II (1944-46) and revisited the country in 1947 as a member of a survey team for the Twentieth Century Fund. He is the author of *The Greek Dilemma: War and Aftermath*, and collaborated with Elizabeth D. McNeill and Frank Smothers on *Report on the Greeks*, published in 1948 by the Twentieth Century Fund.)

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